

Message Text

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ORIGIN ARA-10

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TRSE-00 SS-15 STR-04 OMB-01 CEA-01 AGR-10 CIAE-00

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TO AMEMBASSY SAN JOSE IMMEDIATE

INFO AMEMBASSY PANAMA

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E.O. 11652: N/A

TAGS: EAGR, CS, PA

SUBJECT:MEAT SHIPMENT FROM COSTA RICA

REF: SAN JOSE 4728

1. DEPARTMENT REGRETS THAT WE ARE UNABLE TO RESPOND
POSITIVELY TO THE SPECIFIC REQUEST OF THE COSTA RICAN
GOVERNMENT THAT COSTA RICA BE ALLOWED TO SHIP THIS YEAR
AGAINST NEXT YEAR'S RESTRAINT LEVEL. IT IS NOT LEGALLY
POSSIBLE TO CLEAR THE MEAT THROUGH US CUSTOMS IN ONE YEAR
AND ALLOCATE IT TO ANOTHER YEAR. WITH REGARD TO THE ALTER-
NATIVE OF REALLOCATING ANOTHER SHORTFALL THIS YEAR, IT
APPEARS THAT ACTUAL IMPORTS FOR 1975 WILL ALMOST REACH THE
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LEVEL WHICH WOULD TRIGGER A TOTAL QUOTA STOPPING ALL

FURTHER IMPORTS. FURTHERMORE, EVEN IF REALLOCATION WERE FEASIBLE, THE DEPARTMENT IS COMMITTED TO REALLOCATE ON A PROPORTIONAL BASIS TO ALL COUNTRIES CAPABLE OF SHIPPING. THUS, COSTA RICA'S SHARE, BASED ON ITS RESTRAINT LEVEL COMPARED TO THAT OF OTHER COUNTRIES CAPABLE OF SHIPPING (AUSTRALIA AND NEW ZEALAND ARE LARGEST SHIPPERS) WOULD BE UNDER 10 PERCENT OF THE TOTAL REALLOCATIONS.

2. ON NOVEMBER 11, COSTA RICAN CATTLE INDUSTRY REPRESENTATIVE CASTRO CALLED ON THE DEPARTMENT ACCOMPANIED BY CR EMBASSY ECONOMIC COUNSELOR SOTELA AND LA NACION PHOTOGRAPHER VEGA. CASTRO EXPLAINED THE COSTA RICAN PROBLEM (MUCH AS SET FORTH IN REFTTEL) AND WHILE HE STATED THAT HE RECOGNIZED THAT THE US WOULD HAVE A PROBLEM COMING UP WITH ANOTHER REALLOCATION THIS YEAR, HE WONDERED WHAT POSSIBILITIES THERE WERE FOR SHIPPING THIS YEAR FOR ATTRIBUTION TO NEXT YEAR'S RESTRAINT LEVEL. CASTRO WAS ADVISED SUCH PROCEDURE NOT POSSIBLE UNDER LAW. THE DEPARTMENT ASSURED HIM OF OUR SYMPATHY FOR CATTLE INDUSTRY'S DILEMMA AND TOLD HIM THAT IF WE COULD FIND ANY WAY TO HELP WE CERTAINLY WOULD. HE WAS TOLD THAT PROSPECTS DO NOT, HOWEVER, APPEAR TO BE ENCOURAGING, ESPECIALLY IN FACE OF INCREASED SHIPMENTS TO US DUE TO RISE IN PRICES.

3. GIVEN ABOVE PROBLEMS, DEPARTMENT HAS COME UP WITH FOLLOWING ALTERNATIVES WHICH YOU MIGHT WISH TO DISCUSS WITH FACIO:

A) THAT THE COSTA RICANS HOLD THEIR CATTLE FOR ANOTHER MONTH OR SO AND SHIP THE MEAT FOR ARRIVAL AT U.S. CUSTOMS ON OR SHORTLY BEFORE JANUARY 1 SO THAT CUSTOMS CLEARANCE OCCURS AFTER DECEMBER 31. CUSTOMS MUST CLEAR SHIPMENTS WITHIN 10 DAYS OF RECEIPT. SUCH MEAT ENTERED ON OR AFTER JANUARY 1 WILL BE APPLIED TO NEXT YEAR'S AUTHORIZED LEVEL.

B) THAT COSTA RICA SHIP THE BEEF NOW AND PLACE IT IN BONDED WAREHOUSE FOR A SHORT PERIOD OF TIME. CASTRO WAS AWARE OF THIS ALTERNATIVE BUT WAS NOT IN FAVOR OF PLACING THE BEEF IN BONDED WAREHOUSE BECAUSE OF THE COST

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(BONDING WOULD ALSO TIE UP CAPITAL) AND FACT THAT HE BELIEVES PACKERS DO NOT LIKE BEEF THAT HAS BEEN IN STORAGE (PRESUMABLY ON GROUNDS THIS AFFECTS QUALITY). BONDED WAREHOUSE SPACE SUITABLE FOR MEAT STORAGE MAY BE SCARCE BECAUSE AUSTRALIA MAY STORE A CONSIDERABLE AMOUNT OF MEAT UNTIL THE END OF THE YEAR.

C) THAT COSTA PREPARE THE BEEF SO THAT IT FULFILLS

REQUIREMENTS OF TARIFF CLASSIFICATION 107.60, WHICH IS NOT SUBJECT TO THE VOLUNTARY RESTRAINT PROGRAM. FOR EXAMPLE, STEW OR GROUND MEAT GENERALLY MEETS THIS REQUIREMENT. ALTHOUGH THE IMPORTER NORMALLY MAKES A TARIFF CATEGORY DETERMINATION, SHIPPER PROBABLY SHOULD CHECK WITH CUSTOMS BEFORE SHIPPING. THE NECESSARY CUSTOMS APPROVAL UNDER THIS CATEGORY CAN BE OBTAINED

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THROUGH THE CLASSIFICATION DIVISION OF THE BUREAU OF CUSTOMS IN WASHINGTON, D.C. BEEF IN THIS CATEGORY WILL SELL AT A HIGHER PRICE THAN UNPROCESSED MEAT, BUT IT WILL ALSO BE SUBJECT TO A TARIFF OF 10 PERCENT AD VALOREM COMPARED TO 3CENTS A POUND FOR CLASSIFICATION 106.10 WHICH IS THE MEAT CONTROLLED BY THE VOLUNTARY AGREEMENTS. INDUSTRY WILL HAVE TO CALCULATE WHETHER COST OF PROCESSING AND PAYING DUTY OUTWEIGHS COST OF PLACING BEEF IN BONDED WAREHOUSE. INGERSOLL

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